



Title: Title I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 05-10, North Dakota State Income Tax Withholding

Date: April 1, 2005

To: Holders of TAXES (State of North Dakota only)
Personnel User Groups
T&A Contact Points in North Dakota

Beginning with wages paid for Pay Period 7, the National Finance Center (NFC) will make the following changes to the state of North Dakota income tax withholdings:

- The annual exemption amount will increase from \$3,100 to \$3,200.
- The Single or Head of Household and Married withholding tables will change.
- The nontaxable flexible spending accounts (health care and dependent care) deductions statement will be added to step 2 on the state tax formula.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page (www.nfc.usda.gov) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll Operations Branch at **504-255-4630**. Please refer questions about system access and other system-related issues to Customer Support at **504-255-5230** or via e-mail at customer.support@usda.gov.

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Government Employees Services Division

North Dakota State Income Tax Information

| | |
|--|--|
| State Abbreviation: | ND |
| State Tax Withholding State Code: | 38 |
| Acceptable Exemption Form: | None |
| Basis For Withholding: | Federal Exemptions |
| Acceptable Exemption Data: | None |
| TSP Deferred: | Yes |
| Special Coding: | None |
| Additional Information: | A state tax certificate is not required since Federal exemptions are used in the computation of the state formula. |

Withholding Formula ►(Effective Pay Period 7, 2005)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) ►(includes flexible spending account - health care and dependent care deductions)◄ from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages by 26 to obtain the annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the annual wages to compute taxable income:

$$\text{Exemption Allowance} = \text{►\$3,200◄} \times \text{Number of Exemptions}$$

6. Apply the taxable income computed in step 5 to the following table to determine the annual North Dakota income tax withholding:

Tax Withholding Table
Single
or
Head of Household

| If the Amount of Taxable Income Is: | | The Amount of North Dakota Tax Withholding Should Be: | | | Of Excess Over: |
|-------------------------------------|---------------|---|------|-------|-----------------|
| Over: | But Not Over: | | | | |
| \$ ►0 | \$ 3,400 | \$ 0.00 | plus | 0.00% | \$ 0 |
| 3,400 | 31,500 | 0.00 | plus | 2.10% | 3,400 |
| 31,500 | 66,500 | 590.10 | plus | 3.92% | 31,500 |
| 66,500 | 152,000 | 1,962.10 | plus | 4.34% | 66,500 |
| 152,000 | 328,100 | 5,672.80 | plus | 5.04% | 152,000 |
| 328,100 | and over | 14,548.24 | plus | 5.54% | 328,100◄ |

| If the Amount of Taxable Income Is: | | Married The Amount of North Dakota Tax Withholding Should Be: | | | | Of Excess Over: |
|--|------------------|---|------|-------|--|--------------------|
| Over: | But Not Over: | | | | | |
| \$ 0 | \$ 8,200 | \$ 0.00 | plus | 0.00% | | \$ 0 |
| 8,200 | 56,200 | 0.00 | plus | 2.10% | | 8,200 |
| 56,200 | 106,800 | 1,008.00 | plus | 3.92% | | 56,200 |
| 106,800 | 190,000 | 2,991.52 | plus | 4.34% | | 106,800 |
| 190,000 | 333,200 | 6,602.40 | plus | 5.04% | | 190,000 |
| 333,200 | and over | 13,819.68 | plus | 5.54% | | 333,200 |

7. Divide the annual North Dakota income tax withholding determined in step 6 by 26 and round to the nearest dollar to obtain the biweekly North Dakota income tax withholding.